



**COUNTY OF LOS ANGELES  
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May 7, 2012

TO: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe  
Auditor-Controller

A handwritten signature in blue ink, reading "Wendy L. Watanabe", is written over the printed name and title.

SUBJECT: **LOS ANGELES COUNTY OFFICE OF EDUCATION – A DEPARTMENT  
OF PUBLIC SOCIAL SERVICES GREATER AVENUES FOR  
INDEPENDENCE (GAIN) PROGRAM PROVIDER – CONTRACT  
COMPLIANCE REVIEW**

We completed a review of Los Angeles County Office of Education (LACOE or Agency), a Department of Public Social Services (DPSS) GAIN Program provider. Our review covered a sample of transactions from Fiscal Years (FY) 2010-11 and 2011-12. DPSS contracts with LACOE, a local government agency, to provide job readiness and career planning services to eligible participants. The GAIN Program services include orientation and Job Club activities, which assist participants in achieving self-sufficiency through employment, and becoming free of welfare dependency.

The purpose of our review was to determine whether LACOE appropriately accounted for and spent GAIN Program funds to provide the services outlined in their County contract. We also evaluated the adequacy of the Agency's accounting records, internal controls, and compliance with their contract and other applicable guidelines.

DPSS paid the Agency approximately \$14.6 million on a cost-reimbursement basis for FY 2010-11. LACOE provides services to residents of all Supervisorial Districts.

### **Results of Review**

LACOE maintained adequate financial controls, and appropriately charged expenditures to the GAIN Program. In addition, LACOE's staff had the required qualifications, and the Agency's Cost Allocation Plan was prepared in compliance with the County contract, and was used to allocate shared costs appropriately. The Agency did not have any unspent GAIN Program funds. We have no findings or recommendations for the Agency.

### **Review of Report**

We discussed our report with LACOE and DPSS in March 2012. LACOE is not required to submit a response to this report, because there were no findings or recommendations.

We thank LACOE management for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:JLS:DC:AA:JS

c: William T Fujioka, Chief Executive Officer  
Sheryl L. Spiller, Acting Director, Department of Public Social Services  
Arturo Delgado, Ed.D., Superintendent, LACOE  
Steve Yamarone, GAIN Division Director, LACOE  
Public Information Office  
Audit Committee

**LOS ANGELES COUNTY OFFICE OF EDUCATION  
GREATER AVENUES FOR INDEPENDENCE PROGRAM  
FISCAL YEARS 2010-11 AND 2011-12**

**ELIGIBILITY**

**Objective**

Determine whether Los Angeles County Office of Education (LACOE or Agency) provided services to individuals who met the Greater Avenues for Independence (GAIN) Program eligibility requirements.

**Verification**

We reviewed the case files for 40 (2%) of the 1,883 participants who started receiving services from LACOE during August 2011 for documentation to confirm their eligibility for GAIN Program services.

**Results**

LACOE had documentation to support the 40 participants' eligibility for GAIN Program services.

**Recommendation**

None.

**PROGRAM SERVICES**

**Objective**

Determine whether LACOE provided the services required by their County contract and GAIN Program guidelines. In addition, determine whether the Program participants received the billed services.

**Verification**

We visited four (31%) of the 13 LACOE service sites, and reviewed the case files for 40 (2%) of the 1,883 participants who started receiving services during August 2011.

**Results**

LACOE provided services in accordance with the County contract.

**Recommendation**

None.

**STAFFING QUALIFICATIONS**

**Objective**

Determine whether LACOE's staff had the qualifications required by the County contract.

**Verification**

We reviewed the personnel files for ten (5%) of the 187 LACOE employees who worked on the GAIN Program.

**Results**

LACOE's staff had the required qualifications.

**Recommendation**

None.

**CASH/REVENUE**

**Objective**

Determine whether LACOE's cash receipts and revenue were properly recorded in the Agency's financial records, and that cash receipts were deposited in the Agency's bank accounts timely.

**Verification**

We interviewed LACOE management, and reviewed the Agency's financial records and August 2011 bank reconciliations.

**Results**

LACOE recorded cash receipts and revenue properly, and deposited cash receipts timely.

**Recommendation**

None.

**EXPENDITURES/PROCUREMENT**

**Objective**

Determine whether expenditures charged to the GAIN Program were allowable under the County contract, properly documented, and accurately billed.

**Verification**

We interviewed LACOE's personnel, and reviewed financial records and documentation for \$432,127 in non-payroll expenditures, that the Agency charged to the GAIN Program from July through October 2011.

**Results**

LACOE's expenditures were allowable, properly documented, and accurately billed.

**Recommendation**

None.

**FIXED ASSETS AND EQUIPMENT**

**Objective**

Determine whether LACOE's fixed assets and equipment purchased with GAIN funds were used for the Program and were adequately safeguarded.

**Verification**

We interviewed Agency personnel, and reviewed the Agency's fixed assets and equipment inventory listing. We also performed a physical inventory of 25 items purchased with GAIN funds in prior years to verify the items exist, and were being used as required.

**Results**

The items purchased with GAIN funds were used for the Program, and were adequately safeguarded.

**Recommendation**

None.

**PAYROLL AND PERSONNEL****Objective**

Determine whether LACOE charged payroll costs to the GAIN Program appropriately, and obtained required criminal background clearances and employment eligibility for the Agency's GAIN Program staff.

**Verification**

We traced the payroll costs for ten employees, totaling \$62,501, for September 2011 to the Agency's payroll records and time reports. We also interviewed staff, and reviewed personnel files for ten GAIN Program staff.

**Results**

LACOE appropriately charged payroll costs to the GAIN Program, and obtained background clearances and employment eligibility for GAIN Program staff.

**Recommendation**

None.

**COST ALLOCATION PLAN****Objective**

Determine whether LACOE's Cost Allocation Plan was prepared in compliance with their County contract, and was used to appropriately allocate shared costs.

**Verification**

We reviewed the Agency's Cost Allocation Plan, and a sample of expenditures for Fiscal Year (FY) 2011-12.

**Results**

LACOE's Cost Allocation Plan was prepared in compliance with the County contract, and the Agency allocated their shared costs appropriately.

**Recommendation**

None.

**CLOSE-OUT REVIEW**

**Objective**

Determine whether LACOE had any unspent revenue for the GAIN Program for FY 2010-11.

**Verification**

We traced the total revenues and expenditures from LACOE's quarterly FY 2010-11 close-out invoices to the Agency's accounting records, and to DPSS' payment records.

**Results**

LACOE did not have any unspent revenue during FY 2010-11.

**Recommendation**

None.